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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
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WORLD COTTON PROSPECTS

Summary

The recent advance in cotton prices has been due in no small measure to the prospects for a crop about 5,800,000 bales less than last year although the advance in prices of securities and other commodities, the continued heavy exports, and increased sales of cotton textiles have also been important factors.

Cotton consumption declined to new low levels in July, but domestic exports in July were 25 per cent greater than in June, ~~7.5~~ 73 per cent larger than a year earlier, and, with the exception of 1921, were perhaps the largest on record for the month. The total exports for the twelve months amounted to 8,700,000 bales or almost 2,000,000 bales more than in the 1930-31 season. Despite this, however, the carry-over of American cotton in the United States on July 31, 1932 amounted to 9,600,000 bales, 3,300,000 bales more than a year earlier and was by far the largest on record. The world carry-over of American cotton is also the largest on record with private estimates ranging from 12,900,000-13,300,000 bales. The reduction in the crop from 17,100,000 bales in 1931 to 11,300,000 bales estimated for 1932 more than offsets the increase in the United States and world carry-overs of American cotton. The total United States supply for 1932-33, amounting to 20,900,000 bales, is 2,500,000 bales less than last season and the world supply 1,300,000 to 1,700,000 bales less than in 1931-32.

Cotton textile activity in foreign countries as a whole in July probably decreased somewhat as compared with June, but was apparently greater than in July 1931. In Great Britain labor difficulties have been a disturbing factor and apparently some decrease in cotton consumption occurred, but piece goods exports were higher than in July, 1930, or July, 1931. On the Continent,

activity in cotton mills has been reported as somewhat lower in July than in June, although sales of cotton yarn and fabric were moderately higher. Cotton mills in China decreased operations somewhat in July due in part to hot weather. In Japan total cotton consumption decreased about 3 per cent from June, yet was the largest on record for the month.

Prices

Spots

Most of the recent advance in the price of domestic cotton, which from the low point of June 9 to August 27 amounted to about $20.40 per bale, occurred after this Bureau's production forecast was released on August 8. The indications of a smaller crop than was expected in June and the favorable developments in the economic situation both in the United States and abroad and the continued heavy export movement largely explain this advance, for cotton consumption has shown no recent material improvement. The advance prior to the crop report was apparently due in part to the advance in prices of stocks and other commodities.

At Liverpool prices of American cotton have advanced about as in the domestic markets and most other foreign growths have also shown similar rises. Prices of American cotton rose faster than those of some of the foreign growths for a short time after the release of the estimate of the American crop, but the net advances from the low point of June to August 19 have been about the same percentage for most growths. The actual rise in cents per pound has been greater for the higher priced cottons such as Egyptian and smaller for the lower priced Indian. It is interesting to note that, whereas in early June Peruvian Tanquis at Liverpool was about 0.25 pence per pound above Peruvian Mitaffi, on August 19 it was 0.55 pence lower than Mitaffi. Tanquis rose only 32 per cent from June 10 to August 19 while most other growths advanced 44 or 45 per cent.

Stocks and Movement

Stocks of American cotton on July 31

The 1932-33 cotton season began with a carry-over of American cotton in the United States of 9,585,000 running bales, according to the Bureau of the Census. At the end of July 1931 total stocks of American cotton in the United States amounted to 6,263,000 bales. Of the 3,322,000 bale increase in the carry-over, stocks in public storage and at compresses accounted for 2,170,000 bales of the increase, stocks "elsewhere" (which includes cotton for export on shipboard but not cleared; cotton coastwise; cotton in transit to ports, interior towns, and mills; and cotton on farms etc.) for 910,000 bales, and mill stocks for 242,000 bales. As may be seen from the table below, stocks at mills have been larger a number of years than they were this year but stocks in public storage and "elsewhere" were the largest on record and the total was the largest on record. The previous record carry-over was in 1921 when the total reached 6,361,000 bales.

The only estimates of the world carry-over which are available at this time are those of the New York and New Orleans Cotton Exchanges. Garside of the New York Exchange has placed the world carry-over at 13,266,000 bales compared with his estimate of 8,919,000 bales a year earlier and 9,674,000 bales in 1921. Hester of the New Orleans Exchange estimated the world carry-over at 12,911,000 bales whereas in 1931 and 1921 he estimated 8,710,000 and 8,699,000 bales respectively as the total carry-over.

Table 1.-Cotton, American: Stocks (carry-over) on August 31, 1907-1914; July 31, 1915-1932 at specified locations in the United States

Date	Mills	Public storage	Elsewhere	Total
	1,000 running bales	1,000 running bales	1,000 running bales	1,000 running bales
Aug.31				
1907 ...	1/ 894.7	2/ 365.6	108.9	1,369.2
1908 ...	1/ 508.0	2/ 417.9	197.2	1,123.1
1909 ...	803.3	2/ 305.6	251.4	1,360.3
1910 ...	450.7	2/ 288.4	200.	939.1
1911 ...	417.3	2/ 406.8	400.	1,224.1
1912 ...	733.2	2/ 522.8	350.	1,606.0
1913 ...	637.7	465.1	375.	1,477.8
1914 ...	611.7	531.6	35.	1,178.3
July 31:				
1915 ...	1,292.4	1,748.9	750.	3,791.3
1916 ...	1,489.7	1,037.8	400.	2,927.5
1917 ...	1,407.6	838.6	330.	2,576.2
1918 ...	1,402.5	1,686.8	250.	3,339.3
1919 ...	1,252.8	2,175.8	775.	4,203.6
1920 ...	1,208.5	1,920.4	150.	3,278.9
1921 ...	1,021.2	3,639.5	1,700.	6,360.7
1922 ...	1,127.1	1,412.8	125.	2,664.9
1923 ...	975.2	867.8	280.	2,123.0
1924 ...	638.1	641.3	160.	1,439.4
1925 ...	786.6	487.2	230.	1,503.8
1926 ...	1,010.4	1,893.2	510.	3,413.6
1927 ...	1,325.2	1,802.8	535.	3,663.0
1928 ...	934.7	1,155.9	335.	2,425.6
1929 ...	932.3	922.5	275.	2,129.8
1930 ...	1,047.9	2,803.8	470.	4,321.7
1931 ...	921.6	4,491.1	850.	6,262.7
1932 ...	1,164.0	6,661.0	1,760.	9,585.0

Bureau of the Census. 1/ Linters (estimated) excluded from Census report. 2/ Linters and foreign cotton (estimated) excluded from Census report.

Prospective supply of American cotton

With the 1932-33 crop forecast at 11,306,000 bales and a carry-over in the United States of 9,585,000 bales, the August apparent supply of American cotton for domestic consumption and exports during 1932-33 is 20,891,000 bales compared with a final 1931-32 supply of 23,361,000 bales. At this time last year the crop was forecast at 15,584,000 bales so that the apparent supply at that time was 21,847,000 bales.

The two world carry-over estimates given above and the present estimate of production indicate a world supply of American cotton for the 1932-33 season of 24,200,000 to 24,600,000 bales, whereas in 1931-32 the world supply was about 25,900,000 bales. In 1926-27 the world supply was approximately 23,300,000 bales.

Exports of American cotton

Total exports in July amounted to 449,000 running bales, an increase of 89,000 bales or 25 per cent over June, whereas there is usually a seasonal decline from June to July of about 10 to 15 per cent, based on data from the Bureau of the Census. The greatest increases over July last year were in exports to the United Kingdom, France, Spain, and Germany, these countries taking from 2 to 8 times as much as in July of the 1930-31 season.

During the twelve months ended July 31, 1932, all foreign countries took 8,708,000 running bales compared with 6,760,000 bales in 1930-31, an increase of 1,948,000 bales or 29 per cent. With the exception of 1926-27 the season just closed is the only one since 1913-14 in which total exports exceeded 8,323,000 bales. The season closed with Japan having taken record amounts of American cotton, the 2,294,000 bales comparing with 1,228,000 bales the previous season, and 1,616,000 bales in 1926-27. Exports to China in 1931-32 totaled 1,112,000 bales or almost 700,000 bales more than in the previous season. Therefore, these two countries alone accounted for about 1,749,000 bales of the 1,948,000 bale increase. Germany and France were two important consumers of American cotton taking smaller amounts than in 1930-31 while Italy, Spain, and the United Kingdom took somewhat larger amounts in 1931-32 than the previous season.

Exports of Indian and Egyptian cottons

From August 1 to July 14, 1931-32 India exported 1,425,000 bales, a decrease of 1,813,000 bales or 66 per cent compared with the previous season. Japan and China accounted for 946,000 bales of this decrease as might be expected in view of the large takings of American cotton.

Exports of Egyptian cotton during the first eleven and a half months of the 1931-32 season (August through July 13) amounted to 979,000 running bales, showing an increase of 122,000 bales or 14 per cent over the previous season. The Continent and India took about the same quantity as in 1930-31, but England and the United States took larger quantities. During the first ten days of the present (1932-33) season, exports from Alexandria were only 36 per cent as large as in the same period last season.

Textile Situation

United States

Cotton textile mill activity in July as measured by cotton consumption declined to the lowest levels since prior to September 1912 when monthly consumption records first became available. The 279,000 running bales consumed represented a decline of 42,000 bales or 13 per cent from June and was 172,000 bales or 38 per cent below July 1931, according to data from the Bureau of the Census. Total consumption for the season just closed was placed at 4,869,000 bales compared with 5,263,000 bales in 1930-31. This was the smallest number of bales consumed in any season since 1910-11, being 24,000

bales less than in 1920-21. Total consumption of foreign cotton for the season amounted to only 122,000 bales of 500 pounds which was the smallest for more than twenty years and was 94,000 bales less than in 1920-21. Consumption of American cotton in 1931-32 therefore, amounted to only 4,747,000 running bales.

Business in cotton textiles showed material improvement in July which made the third consecutive month in which sales have increased. In July sales of carded cotton cloth averaged 55,700,000 yards per week, 18,000,000 yards or 47.9 per cent higher than in June, 52.7 per cent above May, 117.6 per cent above April, and were the highest since February. The ratio of sales to production in this phase of the domestic industry amounted to 157.1 per cent in July, whereas during the previous four months sales have been below production. The July ratio of sales to production was the second highest on record and was the result of both the increased sales and a decrease in production. Production of cloth in July averaged 35,400,000 yards per week which was the lowest since October 1927 when comparable data first became available. With shipments or billings larger than production, stocks decreased 7.8 per cent. Unfilled orders increased 33.4 per cent during the month. The increase in sales of cotton cloth, together with improvement in the general financial situation and in trade sentiment suggests that cotton mill consumption may increase somewhat more than the normal seasonal percentage from the low levels of June and July to fall months. However, increased industrial requirements will probably be needed before a high level of consumption can be maintained.

Great Britain

The cotton textile situation in Great Britain was on the whole more favorable during the cotton season just closed (1931-32) than during 1930-31. During the early part of the season cotton piece goods exports and perhaps cotton textile activity were below the corresponding period of 1930-31, but from December through to the end of the season piece goods exports were substantially higher than the like period of the previous season. Total piece goods exports in 1931-32 amounted to 2,037,800,000 square yards, compared with 1,746,600,000 square yards in 1930-31 or an increase of 16.7 per cent. As the season closed exports were running larger than the corresponding periods of both 1931 and 1930 and were more than 50 per cent larger than the low point reached in November 1931.

During the first part of August 1932 the General Council of the Weavers Amalgamation recommended a general stoppage in the weaving section which would affect 250,000 operatives. On August 15 the recommendation was considered by the Textile Trade Federation and if carried out may affect 500,000 employees. This is said to be the outcome of the Burnley strike which affected about 25,000 operatives.

Continental Europe 1/

The Continental European cotton textile situation showed no further deterioration during the month of July, 1932, but the improvement which had been rather generally expected after the conclusion of the Lausanne Conference was only partially realized. Merchant and spinner buying of raw cotton as well as price-fixing, were clearly in excess of June commitments, but activity was probably hampered by the fact that new business in yarns and fabrics - for the Continent as a whole - was only moderately above June levels. This continued reluctance of distributor demand in turn was reflected in some further recession in cotton spinning and weaving mill activity.

The advance in raw cotton prices during the early part of July was attributed in part to increased world spinner and merchant interest, based on a favorable interpretation of the results of the Lausanne Conference. The continental spinner reaction brought rather lively buying in the first part of July, followed by a quieter tendency after the middle of the month, but a good renewal of interest at the close, and about the middle of August continental markets were generally active. Price-fixing showed the same general tendency. Unusually low stocks in spinners' hands were indicated to have been an important factor in the undoubtedly keener interest of spinners in raw material, but new orders booked by both spinning and weaving mills were unquestionably somewhat more satisfactory, particularly during the first half of July. Business has undoubtedly been influenced by the fact that the Lausanne agreements, while favorable in the long run from a general economic standpoint, are none the less surrounded with conditional requirements which tend to diminish the immediate benefits which might otherwise be expected to accrue.

Activity in continental spinning and weaving establishments as a whole has probably averaged somewhat lower for July than for the month of June. Organized restriction of production in Germany was an important factor, but a downward tendency of operations was also evident in other Central European countries. Italy and France appear to have maintained mill operations at about on a level with the previous month.

Germany

New business booked by German cotton spinners and weavers during July remained generally unsatisfactory, with foreign competition keen and prices low. A pick-up in sales of both yarns and fabrics occurred early in the month, as a result of the more optimistic attitude of the cotton industry and trade following the termination of the Lausanne Conference, a movement accompanied and possibly aided by the rising tendency of raw cotton prices at that time, but business slackened off in the second half, except in some sections of the industry where demand for specialties persisted. A more sober judgment now prevails regarding the possible significance of the Lausanne agreement for

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1/ Based on a report from Agricultural Attache' L. W. Steere at Berlin, dated August 4, 1932, supplemented by cable August 12.

the future development of business, but there is none the less a somewhat more optimistic undertone apparent in the German cotton industry about future prospects.

Activity in German cotton spinning and weaving establishments during July fell below the June levels because of the organized restriction of production previously reported. July figures for spinning mills when released are expected to show operations somewhere between 70 and 75 per cent of single shift capacity, compared with 99 per cent in March, 90 per cent in April, 74 per cent in May, and approximately 83 per cent in June, when operations were stepped up, probably in anticipation of the agreement to curtail output. Activity in the cloth mills during July is thought to have shown only a small decline compared with June, as organized restriction in these mills was in effect from the 6th of June, resulting in a level of output of 62 per cent of 9-hour shift capacity, compared with 74 per cent in April and the recent high point of 76 per cent in February.

The cartel commission of the German Cotton Spinners' Association proposed during July to extend the organized restriction of spinning operations in effect until July 31 for an additional period ending September 12. The cotton spinners, however, agreed only to an extension of curtailed operations until August 20, a date to which the weaving mills have also prolonged their agreement for reduction of output. Whether organized restriction will be further extended by either or both groups of manufacturers is said to depend upon development of sales during the first half of August. No decisision in the matter has yet been received. Trade reports now indicate that spinners are poorly supplied with raw cotton and that some tendency for imports to increase is quite likely to develop soon.

German cotton cloth exports during the past several months have amounted to only about half the volume reached in recent years, and imports of yarn and cotton fabrics into Germany from abroad during the same period have dropped by even more than 50 per cent, as compared with takings in the last few seasons. The German cotton industry, however, is dependent on export outlets to only a small extent, so that the interest of the industry is centered more on prospects for improvement in domestic purchasing power than upon the outlook for export trade. Generally speaking, German cotton manufacturers and distributors are not pessimistic about the long-time outlook, and maintain hopes that the new cotton year just beginning will witness the solution of many of the international problems which now stand in the way of real improvement in general economic activity.

German spinner and merchant buying of raw cotton at Bremen was slightly more active during the first half of July, coincident with the rising tendency of raw prices. Later, the demand slackened, but again reasserted itself at the close of the month, with considerable interest manifested for distant positions and all year contracts, as well as for i mediate . delivery. Price-fixing in general parallelled the movement of actual buying.

Czechoslovakia

Conditions in the Czechoslovakian industry have shown no improvement during July, the latest report of the National Bank indicating that even some further decrease has been evident in the flow of new business booked by the cotton spinning mills. The difficulty of doing export business continues as serious as ever, because of the general maintenance of restrictions on imports of cotton goods in many of Czechoslovakia's most important foreign markets. Cotton manufacturers in Czechoslovakia, moreover, are rather pessimistic as to the future outlook, because of the unlikelihood of early or rapid removal of these trade barriers, even if some improvement in the general business situation should occur. No marked increase in Czechoslovakia mill consumption of raw cotton, therefore, seems likely in the near future, because of the dependence of the Czechoslovakian cotton industry upon foreign outlets for an important share of its cotton textile production.

Net imports of raw cotton into Czechoslovakia from August 1, 1931 to the end of May, 1932, have amounted to 72,000 tons compared with 74,000 in the same period last year. Takings of raw material, therefore, have held up relatively well, when it is considered that exports of cotton cloth in recent months have been about 50 per cent under last year's exports, and nearly 70 per cent under exports in the corresponding months two years ago. Exports of cotton yarn have held up relatively better, but have only been running about half as large as in 1930.

Austria

Austrian reports point to a further tightening of the situation in the cotton textile industry. Production has been further restricted in recent weeks, because of the failure of cotton yarn and fabric sales to show any recovery from recent low levels. Foreign exchange continues to be a real problem, with mills apparently being forced to resort to private clearing arrangements to obtain raw material, which means a currency premium of from 20 to 30 per cent which has to be borne by the buyer.

A recent report of the Austrian Institute for Economic Research, which, however, does not go beyond the month of May, states that stocks of yarn in Austrian spinning mills at that time were somewhat below the average of the years 1926-1930, but were higher than at any time in the past two years, while unfilled orders on the books of the spinning mills in May were on the lowest level reached this year or last year.

France

A fairly good improvement in the situation seems to have occurred in the cotton yarn and cloth market in France during July, notwithstanding a period of slack business during the second half of the month. Reports from Roubaix - Tourcoing, Rouen and Alsace indicated considerable fluctuations in the movement of sales, but a rather good pick-up in orders was experienced in virtually all the important centers at one time or another during the first half of the month, followed by a recession early in the second half. Subsequent reports from Havre

indicate a renewal of activity that clearly points to a better tone in the spinning centers at the close of the month. Very low stocks of yarn in the Alsace mills, coupled with a noticeable pick-up in orders for goods from North Africa and Indo-China have been prominently mentioned. Cloth mills at Rouen are also reported to have a considerable volume of offers for deliveries well into the first quarter of 1933, though at prices still regarded as too low. These developments, coupled with the firm tendency of raw material, seem to have given the industry some renewed confidence.

On the other hand, however, activity in French spinning and weaving establishments, according to July reports, has not as yet undergone any significant change. Actual statistics on operations are not available beyond the month of May, when activity was declining, following an upward movement in March and April.

Net imports of cotton into France during the cotton year just ended were much below those of the preceding season, although the difference was being narrowed as the year closed. It appears that imports during the season 1930-31 were considerably in excess of actual mill consumption, and that the decline in takings in 1931-32 was a natural consequence, which, at the same time, made for a sounder situation with respect to stocks of raw cotton at French mills. Current reports indicate that supplies of raw cotton in France are very moderate.

Purchases of raw cotton by French spinners and merchants were of moderate volume during most of July, but the month closed with a much improved tone and active buying of American staples, according to Havre trade reports. Keen interest was manifested for prompt shipment of old-crop cotton, because of low stocks, and also concern about possible poor quality of the new harvest. Previously, considerable interest in new crop had been shown throughout most of the month, and price-fixing was generally active during the whole period.

Italy

The general pessimism with which June reports on the Italian cotton industry were tinged has rather definitely faded away during July. Yarn sales have taken a much more favorable turn in relation to current output, and the decline in unfilled orders and the tendency toward a rise in stocks of cotton yarn and goods have practically come to a standstill. Spinners and weavers are now showing generally more optimism about their ability to maintain current operating levels without cutting into orders and accumulating burdensome stocks.

Spinners buying of raw cotton during July, however, has remained fairly moderate, though a fair volume of purchases of new crop has been confirmed. The increase in the price of raw material early in July had only a moderately stimulating effect on spinner buying, which was undoubtedly still somewhat under the influence of unfavorable developments during June. Spinning mill operations at the present time average around 30 to 40 per cent below the rate of activity in the favorable years 1928 and 1929.

Recent press reports from Italy state that negotiations have been concluded between the Italian and Egyptian Governments for facilitating imports of Egyptian cotton by the Italian cotton industry. The agreement provides for the designation of special warehouses for Egyptian cotton in the free ports of Trieste and Genoa, which are already said to be functioning, and to which the Italian Traffic Ministry is to accord special treatment in order to encourage the acquisition of Egyptian cotton. The press report in question sees in this agreement the probable beginning of preferential treatment of Egyptian cotton in Italy to the possible detriment of American cotton. The agreement between the two Governments is said to have some of the features of a clearing agreement, as Egypt is an important customer for Italian finished goods, particularly textiles, the outlet for which Italy is anxious to extend. The press report referred to, voices the expectation that Italian purchases of Egyptian cotton will be considerably increased as a result of the agreement, currency savings being advanced as an important reason.

Poland

Reports from Poland announce that plans are being considered for the consolidation of several large cotton spinning mills into a single cotton trust, for which a central selling agency for cotton goods will be organized. The relation of this trust to the spinners' cartel is not yet clear.

Japan 1/

Cotton consumption in Japan continues at a high rate although July showed a slight decrease compared with June, judging from the amount of yarn produced. July yarn production amounted to 250,000 bales. While this was 3 per cent less than in June it is probably the largest for the month of July on record. For the 12 months ended July 31, 1932 total yarn production in Japan amounted to about 2,761,000 bales of 400 pounds each. This represents an increase of slightly more than 13 per cent over the previous season. The decreased production in July may have been due to the fact that sales of yarn and piece goods are said to have been running below production in July. However, there seems to be a slight seasonal decline in July in most years. In June exports of cotton cloth reached a new high, the 175,400,000 yards exceeding the previous record (of August 1929) by about 11,500,000 yards, or 7 per cent. June exports exceeded those during May by 15,500,000 yards or 10 per cent. Exports have reached these high levels despite the fact that trade with China has been somewhat reduced. Some of the heavy exports in July may have been due to the possibility of an increase in the Indian tariff. It has been estimated that exports of cotton cloth to India during the first half of 1932 were five times those of the same period last year. The exports to India have been largely of low-grade cloth which competes directly with the product of the Indian mills. Thus far, however, Indian mills have maintained a high rate of consumption although consumption in May and June dropped considerably below the corresponding period last year, but from August 1 to April 30, 1931-32 Indian mills consumed 5 per cent more Indian cotton than during the same period the previous season.

1/ Based largely on a report from Vice-Consul Schuler at Kobe as of August 3, 1932.

China

The 1932-33 Chinese cotton crop has been forecasted at 3,021,000 bales of 478 pounds compared with the revised estimate of 1,785,000 bales for 1931-32 by the Chinese Mill Owners Association. This would be an increase of 69 per cent. It is thought that the above forecasted production is not exactly comparable with former estimates inasmuch as changes and improvements in methods of crop reporting have been undertaken in 1931 and 1932. No entirely adequate basis is available for correcting the tendency to include a large portion of the total crop each season. On the basis of information that is available, however, it appears that for comparable areas production may be around 2,500,000 bales in 1932-33 compared with 1,700,000 bales in 1931-32, and 2,250,000 bales in 1930-31. This estimate allows for a yield in 1932-33 of about 10 per cent above average whereas the mill owners' estimate places yields this year at nearly 25 per cent above average. A production of 2,500,000 bales this season would represent an increase of 47 per cent over the revised figure for last season, and be 11 per cent greater than the 1930-31 production. The short crop last season was largely a result of the flood so that this year with only average yields a large increase would be expected. Reports, however, indicate that growing conditions this season have evidently been better than usual. On August 15 Agricultural Commissioner Dawson cabled that crop conditions in North China as a whole were reported as very good. In the provinces of Hupeh and Shantung, two of the most important regions, conditions were said to be good, in Hopei very good, in Shansi average, Hanan good, and in Shensi poor. In the provinces of Kiangsu and Chekiang the crop has suffered from drought, but rain in early August brought some relief.

The mill owners' estimated acreage for 1932-33 is 5,630,000 acres. To make this comparable with previous years it has been reduced by this bureau to 5,300,000 acres which is 10 per cent greater than the 4,800,000 acres used for the 1931-32 area, but only about 1 per cent greater than the 1930-31 acreage.

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China 1/

Chinese-owned mills in China were operating at about 80 per cent of normal at mid-August, whereas a month earlier these mills were running at rates near normal. The reduction was said to have been due to hot weather. The Japanese mills have curtailed an additional 10 per cent within the month and at mid-August were operating at about 60 per cent of normal due to the difficulties in disposing of their yarn profitably. Chinese yarn was moving out at a good rate and most mills were reported as sold well forward. The piece goods market in China was still dull and very little business was being done.

Consumption of American cotton in China from October through July has been estimated at 715,000 bales of approximately 500 pounds. During this period consumption of Indian cotton was thought to have totaled about 145,000 bales of 500 pounds, and consumption of Chinese-grown cotton around 625,000 bales. For the year ending September 1, the total consumption of all cotton in China is expected to be slightly less than 2,000,000 bales of approximately 500 pounds, compared with 2,300,000 bales the previous year. Consumption of American cotton may be about 860,000 bales, Indian 240,000 or 250,000 bales, and consumption of Chinese something over 800,000 bales.

Acreage, Production, and Crop Conditions

United States

The 1932 cotton crop was forecast by the Crop Reporting Board based on August 1 conditions at 11,306,000 bales of 478 pounds net or 500 pounds gross. This forecasted production is 5,790,000 bales or 33.9 per cent less than the large crop of last season, 3,352,000 bales (22.9 per cent) less than the average production of the last five years, and is the smallest since 1923. The average yield for the United States is forecast at 149.6 pounds per acre, which is 51.6 pounds per acre or 25.6 per cent less than the 1931 yield and 1.8 pounds less than the average from 1921 to 1930. The forecast is based on the acreage in cultivation July 1 less the 10-year average abandonment. This gives an area of 36,161,000 acres compared with a harvested acreage last year of 40,693,000 acres, or a decrease of 11.1 per cent.

The condition of the crop on August 1 was reported as 65.6 per cent of normal, compared with 74.9 per cent last year and the 10-year average of 66.4 per cent. In addition to the low condition the prospects for the crop were said to be more uncertain than usual because boll weevils are present in greater numbers than in any year since 1928 which means that weather conditions, after August 1 will be of more than usual importance. The amount of fertilizer applied to cotton this season was much less than for several years and was given as a factor causing the relatively low condition of the crop.

1/ Based largely on a cabled report from Agricultural Commissioner Dawson at Shanghai, dated August 15.

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The forecasted yields in most of the important cotton producing States are much below the 1931 yields and several of the States are expected to produce much less than average yields. In North Carolina, Mississippi, and Louisiana the forecasted yields are 46, 34, and 26 pounds per acre respectively below the 10-year average 1921-1930.

India

Up to August 1 the area planted to cotton in India has been estimated by the Department of Statistics of India at 13,485,000 acres compared with the revised estimate of plantings to the same date last year of 13,958,000 acres, or a decrease of 3.3 per cent. Not since 1924 have plantings to August 1 fallen below 14,700,000 acres except in 1931 and this year. In 1925, the year of largest acreage, plantings to August 1 totaled 16,134,000 acres which was 20 per cent larger than plantings this year.

It should be remembered that last season the yields of lint cotton per acre in India averaged only about 69 pounds which was approximately 21 per cent less than the previous year and 22 per cent less than the average from 1921-22 to 1930-31. Last season was the only year in which average yields dropped below 79 pounds since 1920-21. It is hardly to be expected, therefore, that Indian production in 1932-33 to be as low as last year's crop.

Egypt

During June weather and water conditions were favorable for the growing crop and the stands were said to be normal except in the Lower Delta or the late planted areas, according to reports forwarded by Cotton Specialist P. K. Norris, stationed in Egypt. The cotton-worm and wilt are reported in some areas, but the damage is slight. The water supply is adequate. The acreage this year has been officially estimated at 1,135,000 acres or 35 per cent less than in 1931-32 and 48 per cent less than 1930-31. It is felt by members of the cotton trade that the estimate is low despite the low prices, the low restricting cotton acreage, the removal of the restriction on rice growing, and the encouragement of wheat growing by a higher tariff.

U.S. DEPOSITORY